

# **REMUNERATION OF NOT-FOR-PROFIT CHIEF EXECUTIVE OFFICERS IN QUEENSLAND**

QUEENSLAND INDEPENDENT REMUNERATION TRIBUNAL  
18 FEBRUARY 2014

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# 1

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## Introduction

Thank you for your request seeking the assistance of Mercer Consulting (Australia) Pty Ltd (Mercer) to provide the Queensland Independent Remuneration Tribunal with information pertaining to the remuneration of Chief Executive Officers of not-for-profit organisations in Queensland.

In providing this information for your consideration, Mercer has undertaken the following activities:

- Explored our extensive remuneration database to establish a suitable sample of non-for-profit organisations in Queensland
- Provided an overview of the twelve not-for-profit organisations contained in the sample including operating sector, annual revenue and number of employees (full time equivalent)
- Sourced fixed remuneration data for the Chief Executive Officer of each of the twelve organisations and presented this data as a remuneration range using percentiles (25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile), and
- Provided market information relating to short-term incentive payments for Chief Executive Officers.

Mercer notes that the identity of the twelve not-for-profit organisations referenced in this report has not been published to maintain data confidentiality.

If you require additional clarification or have any questions regarding this report, please do not hesitate to contact Raphaelé Nicaud on 07 3234 4941 or [raphaele.nicaud@mercer.com](mailto:raphaele.nicaud@mercer.com).

## 2

### Overview of the Sample

Table 1 below provides an overview of the twelve not-for-profit organisations contained in the sample including operating sector, annual revenue and number of employees (full time equivalent).

**Table 1: Sample Characteristics**

Operating Sector	Annual Revenue	Number of Employees (Full Time Equivalent)
Community Housing	\$30m	70
Health	\$40m	270
Aged Care	\$40m	380
Community Services	\$70m	90
Health	\$70m	960
Community Services	\$170m	2,910
Community Services	\$170m	3,300
Aged and Disability Care	\$240m	3,700
Health	\$550m	3,390
Aged Care	\$570m	8,290
Education	\$770m	13,000
Health, Aged Care and Community Services	\$1,400m	11,500
<b>25<sup>th</sup> Percentile</b>	\$60m	350
<b>Median</b>	\$170m	3,110
<b>75<sup>th</sup> Percentile</b>	\$560m	4,850
<b>Average</b>	\$340m	3,990

# 3

## Remuneration Information

Table 2 below provides the fixed remuneration of Chief Executive Officers of not-for-profit organisations (as outlined in Table 1) presented in the form of a remuneration range utilising percentiles (25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile). Please note the following with respect to the data:

- The 25<sup>th</sup> percentile (or first quartile) is the point at which 25% of the data falls below and 75% lies above
- The median is the value located in the middle of the data set, and
- The 75<sup>th</sup> percentile (or third quartile) is the point at which 75% of data fall below and 25% lies above.

The use of quartiles shows how the data is spread around the median and is less susceptible to outliers (both high and low) than using the minimum and maximum of a range of data.

**Table 2: Remuneration Percentiles for Not-for-Profit Chief Executive Officers in Queensland**

	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	Average
Fixed Remuneration	\$321,700	\$431,700	\$478,800	\$415,200

Looking at the table above, it can be seen that the remuneration range for Chief Executive Officers of not-for-profit organisations in Queensland is \$321,700 at the 25<sup>th</sup> percentile to \$478,800 at the 75<sup>th</sup> percentile of the data sample.

# 4

## Commentary on Short-Term Incentives

This section provides market trends on the provision of short-term incentive (STI) payments for Chief Executive Officers within the General Market and Not-for-Profit Sector. The information has been sourced from Mercer’s *Remuneration Planning Review (RPR)* (October 2013) and our consulting experience within the Not-for-Profit Sector

### **Market Trends - General Market**

Table 3 below outlines market STI data sourced from Mercer’s *RPR*. Please note that:

- STI payments are expressed as a percentage of fixed remuneration.
- Target opportunity denotes the typical incentive payment for achieving on-target performance in the next 12 months.

**Table 3: Average Actual and Target STI Payments – Mercer’s RPR (October 2013)**

Position		25 <sup>th</sup> Percentile	Median
Chief Executive Officer	Actual	25%	40%
	Target	30%	50%

### **Market Trends – Large Not-for-Profit**

Based on Mercer’s experience, large not-for-profit organisations rarely provide STI opportunities to their Chief Executives (one organisation in our sample). Where an STI opportunity is available, the amount is typically aligned to the General Market 25<sup>th</sup> percentile.



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